GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:946
ANSWERED ON:27.02.2001
RECOMMENDATIONS OF ERC ON COAL INDUSTRY
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Will the Minister of COAL be pleased to state:

(a) whether the Expenditure Reforms Commission (ERC) was set up by the Government to restructure the coal industry;

(b) If so, the details of the recommendations made by the Commission;

(c) the details of the recommendations accepted and implemented by the Government so far; and

(d) the time by which all the recommendations are likely to be accepted/ implemented?

Answer

MINISTER OF STATE FOR COAL (SYED SHAHNAWAZ HUSSAIN)

(a) The Expenditure Reforms Commission (ERC)set up by the Government had submitted its second report in September 2000. The report consisted of four parts. Part IV of the report relatesto "Restructuring of the Functions, Activities and Structures in the Ministry of Coal".

(b) The summary of the recommendations embodied in the Report of Expenditure Reforms Commission is as under:-

(1) The Ministry needs to reorient its strategy considering the increasing role that coal sector plays in ensuring energy security.

(2) Unrestricted entry of private developers could be allowed in exploration and production of coal, by expediting the amendment to the Coal Mines Nationalisation Act,1973, a Bill for which is pending in Parliament.

(3) Development of lignite resources outside the areas of the Neyveli Lignite Corporation Limited could be left to therespective State Governments.
(4) The Coal Bearing Areas (Acquisition and Development)Act,1957 needs to be amended and an Independent Regulatory Bodyset up for orderly development and for providing a level playing field in the Coal Sector in the liberalized environment.

(5) The Coal Mines (Conservation & Development) Act,1974 needs to be amended and the rules made there under making public and private sectors equally responsible for aspects like scientific mining, safety, mine fires, coal washing and other conservation, environment and health related requirements in the coal mines.

(6) Clear, transparent and non-discriminatory guidelines need to be laid down on various important aspects of the coal industry.

(7) Efficiency of operations needs to be improved and surplus manpower eliminated in the public sector coal companies. Royalty and other levies of the State Governments as also the railwayfreight rates on coal movement need to be rationalized so as to make the domestic industry more competitive.

(8) The regional offices of Coal India all over the country and the liaison offices of subsidiaries at Calcutta need to be wound up.

(9) The seven coal producing subsidiaries of Coal India Limitedneed to be made fully Board managed Companies doing away with the Holding Company and winding up the Joint Bi-partite Committee of the Coal Industry (JBCCI).
(10) Restructuring Central Mine Planning and Design InstituteLimited(CMPDIL) as an independent technical Advisory Body withthe Coal Sector Public Sector Undertakings and Private Units participating in its management and equity structure.
(11) The Coal Controller's Office needs to be wound up and theresidual work of Commissioner of Payments office needs to be phased out.
(12) The Coal Mines Provident Fund Organisation needs to berestructured with a view to reducing the administrative charge on the Coal Companies and Government's financial support for Coal Mines Linked Pension Scheme.
(13) The heavy loss making Low Temperature Carbonisation Plant at Dankuni needs to be disposed off.
(14) Washing of high ash coal for power houses needs to be enforced both for meeting the environment related requirements as well as for securing economic benefits.
(15) The concept of "Saleable Coal" needs to be introduced and a scientific and commercially transparent coal grading system based on "Gross Calorific Value" needs to be evolved.
(16) The issue of production of synthetic oil from coal can be transferred to one or other of the fuel research agencies.

(c) & (d): The Report of the Expenditure Reforms Commissionwas received in the Ministry in October, 2000. The recommendations of the Commission are under consideration of this Ministry.